

SENATE BILL No. 605

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5; IC 6-3.1; IC 22-4-14-2.5; IC 22-4.1-10.

Synopsis: Employee training tax credits and programs. Provides a tax credit for employee training expenses incurred under a program certified by the department of commerce. Requires the amount of any federal deduction allowed for employee training expenses to be added back to a taxpayer's adjusted gross income if the training expenses credit is claimed. Provides a tax credit for payroll expenses of student employees participating in a work based learning program certified by the department of workforce development. Establishes the workforce skill advancement project. Requires individuals who apply for unemployment insurance to participate in the project.

Effective: July 1, 2005; January 1, 2006.

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January 24, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 605

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3-1-3.5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3.5. When used
3 in this article, the term "adjusted gross income" shall mean the
4 following:
5 (a) In the case of all individuals, "adjusted gross income" (as
6 defined in Section 62 of the Internal Revenue Code), modified as
7 follows:
8 (1) Subtract income that is exempt from taxation under this article
9 by the Constitution and statutes of the United States.
10 (2) Add an amount equal to any deduction or deductions allowed
11 or allowable pursuant to Section 62 of the Internal Revenue Code
12 for taxes based on or measured by income and levied at the state
13 level by any state of the United States.
14 (3) Subtract one thousand dollars (\$1,000), or in the case of a
15 joint return filed by a husband and wife, subtract for each spouse
16 one thousand dollars (\$1,000).
17 (4) Subtract one thousand dollars (\$1,000) for:

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- 1 (A) each of the exemptions provided by Section 151(c) of the
 2 Internal Revenue Code;
 3 (B) each additional amount allowable under Section 63(f) of
 4 the Internal Revenue Code; and
 5 (C) the spouse of the taxpayer if a separate return is made by
 6 the taxpayer and if the spouse, for the calendar year in which
 7 the taxable year of the taxpayer begins, has no gross income
 8 and is not the dependent of another taxpayer.
- 9 (5) Subtract:
 10 (A) one thousand five hundred dollars (\$1,500) for each of the
 11 exemptions allowed under Section 151(c)(1)(B) of the Internal
 12 Revenue Code for taxable years beginning after December 31,
 13 1996; and
 14 (B) five hundred dollars (\$500) for each additional amount
 15 allowable under Section 63(f)(1) of the Internal Revenue Code
 16 if the adjusted gross income of the taxpayer, or the taxpayer
 17 and the taxpayer's spouse in the case of a joint return, is less
 18 than forty thousand dollars (\$40,000).
 19 This amount is in addition to the amount subtracted under
 20 subdivision (4).
 21 (6) Subtract an amount equal to the lesser of:
 22 (A) that part of the individual's adjusted gross income (as
 23 defined in Section 62 of the Internal Revenue Code) for that
 24 taxable year that is subject to a tax that is imposed by a
 25 political subdivision of another state and that is imposed on or
 26 measured by income; or
 27 (B) two thousand dollars (\$2,000).
 28 (7) Add an amount equal to the total capital gain portion of a
 29 lump sum distribution (as defined in Section 402(e)(4)(D) of the
 30 Internal Revenue Code) if the lump sum distribution is received
 31 by the individual during the taxable year and if the capital gain
 32 portion of the distribution is taxed in the manner provided in
 33 Section 402 of the Internal Revenue Code.
 34 (8) Subtract any amounts included in federal adjusted gross
 35 income under Section 111 of the Internal Revenue Code as a
 36 recovery of items previously deducted as an itemized deduction
 37 from adjusted gross income.
 38 (9) Subtract any amounts included in federal adjusted gross
 39 income under the Internal Revenue Code which amounts were
 40 received by the individual as supplemental railroad retirement
 41 annuities under 45 U.S.C. 231 and which are not deductible under
 42 subdivision (1).

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(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

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(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add an amount equal to any deduction allowed under the Internal Revenue Code for employee training expenses if the individual claims a credit under IC 6-3.1-29 for the taxable year.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add an amount equal to any deduction allowed under the Internal Revenue Code for employee training expenses if the corporation claims a credit under IC 6-3.1-29 for the taxable

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year.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted

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gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount

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divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP ~~THREE~~ **FOUR** amount and two thousand five hundred dollars (\$2,500).

SECTION 2. IC 6-3.1-29 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]:

Chapter 29. Employee Training Credit

Sec. 1. As used in this chapter, "corporation" means the Indiana economic development corporation established by IC 4-1.5-3-1.

Sec. 2. (a) As used in this chapter, "employee" means an individual who:

(1) is continuously employed for at least sixteen (16) consecutive weeks during a taxable year; and

(2) either:

(A) is employed for consideration for at least thirty-five (35) hours each week; or

(B) renders any other standard of service specified by contract or generally accepted by custom as full-time employment.

(b) Notwithstanding subsection (a), the term "employee" does not include an individual who:

(1) would be classified as an exempt employee under the federal Fair Labor Standards Act (FLSA) due to the employee's function as a manager or a professional regardless of whether the employer actually is subject to the FLSA; or

(2) has a direct or an indirect ownership interest of at least five percent (5%) in the profits, capital, or value of the employer, as determined in accordance with Section 1563 of the Internal Revenue Code and regulations prescribed under that Section.

Sec. 3. (a) As used in this chapter, "employer" means a taxpayer that employs an employee and incurs qualified training expenses to train the employee.

(b) Notwithstanding subsection (a), the term "employer" does not include a taxpayer that:

(1) is a nonprofit corporation;

(2) is an educational institution;

(3) requires a gaming license or permit to operate under IC 4-31-5 or IC 4-33-6; or

(4) has conducted business in Indiana for less than three (3)

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taxable years.

Sec. 4. (a) As used in this chapter, "qualified training expenses" means expenses that:

- (1) are part of a training program that has been certified by the corporation;
- (2) are paid by the employer;
- (3) are for the training of employees employed in Indiana;
- (4) exceed the average annual per employee expenditure of the employer over the three (3) preceding taxable years for training expenses equivalent to those included in the employer's application for a credit under this chapter; and
- (5) are determined to be eligible as qualified training expenses by the department of state revenue under section 11 of this chapter.

(b) Qualified training expenses include:

- (1) tuition and fees;
- (2) wages paid to an instructor;
- (3) materials, supplies, and textbooks; and
- (4) rental fees for training facilities and equipment.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3 (the adjusted gross income tax);
- (2) IC 6-2.5 (state gross retail and use tax);
- (3) IC 6-5.5 (the financial institutions tax); and
- (4) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means a person, a corporation, a partnership, a limited liability corporation, a limited liability partnership, or any other entity that has any state tax liability.

Sec. 7. (a) Subject to section 11 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year if the taxpayer incurs and pays qualified training expenses in the taxable year.

(b) The amount of the credit to which a taxpayer is entitled equals the product of forty percent (40%) multiplied by the qualified training expenses paid by the taxpayer during the taxable year. However, the credit amount claimed for a taxable year may not exceed the least of:

- (1) one hundred ten percent (110%) of the taxpayer's

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1 estimated qualified training expenses for the taxable year, as
 2 indicated in the certified training program under section
 3 9(c)(5) of this chapter;

4 (2) one hundred thousand dollars (\$100,000); or

5 (3) the taxpayer's state tax liability for the taxable year.

6 Sec. 8. (a) If:

7 (1) the amount certified under section 9 of this chapter by the
 8 corporation for a taxpayer in a taxable year exceeds the
 9 amount determined for the taxpayer under section 7(b) of this
 10 chapter; and

11 (2) the taxpayer has an operating loss during the taxable year
 12 in which the credit is claimed;

13 the taxpayer may carry the excess credit over to the following
 14 taxable years. The amount of the credit carryover from a taxable
 15 year is reduced to the extent that the taxpayer uses the carryover
 16 to obtain a credit under this chapter for any subsequent taxable
 17 year.

18 (b) A taxpayer is not entitled to a carryback or refund of any
 19 unused credit.

20 Sec. 9. (a) To be entitled to a credit under this chapter, a
 21 taxpayer must:

22 (1) submit an application for certification of a proposed
 23 training program to the corporation; and

24 (2) receive the approval and certification for the proposed
 25 training program from the corporation.

26 (b) The corporation shall certify a proposed training program
 27 to the extent that the program is consistent with this chapter and
 28 the rules adopted by the corporation under section 13 of this
 29 chapter.

30 (c) A training program certified under subsection (a) must
 31 include the following:

32 (1) A detailed description of the training to be provided.

33 (2) A description of the employee position that receives the
 34 training.

35 (3) An estimate of the number of employees to receive the
 36 training.

37 (4) A statement of the benefit of the training to the employee.

38 (5) An estimate of the qualified training expenses the
 39 employer expects to claim for the taxable year.

40 Sec. 10. (a) To receive the credit provided by this chapter, a
 41 taxpayer must claim the credit on the taxpayer's state tax return
 42 or returns in the manner prescribed by the department of state

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revenue. The taxpayer shall submit to the department of state revenue:

(1) the certification of the training program by the corporation under section 9 of this chapter;

(2) proof of payment of the qualified training expenses claimed; and

(3) all information that the department of state revenue determines is necessary to:

(A) calculate the credit provided by this chapter; or

(B) determine whether a claimed expense is a qualified training expense.

(b) Expenses ineligible to be determined as qualified training expenses under subsection (a)(3) include the following:

(1) Wages paid to the employee being trained.

(2) Expenses associated with new employee orientation.

(3) Expenses associated with training related to employer policies.

(4) Expenses associated with training on safety procedures.

(5) The cost of any equipment, machinery, or capital asset.

(6) The cost of any construction or improvement.

(7) Travel expenses.

(8) Expenses paid with training 2000 funds.

(9) Any other expense determined ineligible by the department of state revenue.

Sec. 11. (a) The total amount of tax credits allowed under this chapter in a state fiscal year may not exceed twenty-five million dollars (\$25,000,000).

(b) The corporation shall record the time of filing of each application under section 9(a)(1) of this chapter. The corporation shall certify programs that satisfy the requirements of this chapter in the chronological order in which the applications are filed.

(c) The corporation may approve an application for certification of a proposed training program filed after the total of the estimated qualified training expenses as indicated in certified training programs under this chapter equals the maximum amount allowable in a state fiscal year. However, if:

(1) an employer for which a training program has been certified fails to file information required under section 10 of this chapter;

(2) the actual qualified training expenses of an employer for which a training program has been certified are less than the total of estimated qualified training expenses as indicated in

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the certified training program; or
 (3) for any other reason the maximum amount allowable in a state fiscal year under subsection (a) is not fully used;
 the unused amount set aside or remaining available to be approved as a credit may be allowed to an employer whose training program was certified after the total of estimated qualified training expenses as indicated in certified training programs under this chapter equals the maximum amount allowable in a state fiscal year. In addition, the corporation may, if the applicant requests, approve an application for certification of all or part of a proposed training program for the succeeding state fiscal year.

Sec. 12. (a) On or before March 31 of each year, the corporation shall submit a report to the department of state revenue on the programs certified under this chapter. The report must include:

- (1) the number of taxpayers who receive credits certified under this chapter during the preceding calendar year;
- (2) the types of training programs certified;
- (3) an analysis of the benefit of the programs certified; and
- (4) the sum of the credits awarded under this chapter.

(b) The report required by subsection (a) is statistical in nature and may not contain information that identifies an employer. A copy of the report shall be submitted in an electronic format under IC 5-14-6 to the executive director of the legislative services agency for distribution to the members of the general assembly.

(c) All information submitted by an employer under this chapter is confidential.

Sec. 13. The corporation shall adopt rules under IC 4-22-2 necessary to implement this chapter. The rules may provide for recipients of tax credits under this chapter to be charged fees to cover administrative costs of the tax credit program. Fees described in this section shall be deposited in the corporation general fund.

SECTION 3. IC 6-3.1-30 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]:

Chapter 30. Work Based Learning Credit

Sec. 1. As used in this chapter, "department" means the department of workforce development established by IC 22-4.1-2-1.

Sec. 2. (a) As used in this chapter, "employer" means a taxpayer that employs a student employee as part of a program.

(b) Notwithstanding subsection (a) the term "employer" does

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not include a taxpayer that:

- (1) is a nonprofit corporation;
- (2) is an educational institution;
- (3) requires a gaming license or permit to operate under IC 4-31-5 or IC 4-33-6;
- (4) has conducted business in Indiana for less than three (3) taxable years; or
- (5) receives training 2000 funds.

Sec. 3. As used in this chapter, "program" means a work based learning program certified by the department under section 9 of this chapter.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (2) IC 6-2.5 (state gross retail and use taxes);
- (3) IC 6-5.5 (the financial institutions tax); and
- (4) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "student employee" means an individual who is employed by an employer.

Sec. 6. As used in this chapter, "taxpayer" means a person, a corporation, a partnership, a limited liability corporation, a limited liability partnership, or any other entity that has any state tax liability.

Sec. 7. (a) Subject to section 11 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year if the taxpayer employs at least one (1) student employee in the taxable year.

(b) The amount of the credit to which a taxpayer is entitled equals the product of forty percent (40%) multiplied by the payroll expenditures of the taxpayer for student employees during the taxable year. However, the credit amount claimed for a taxable year may not exceed the lesser of:

- (1) one hundred thousand dollars (\$100,000); or
- (2) the taxpayer's state tax liability for the taxable year.

Sec. 8. (a) If:

- (1) the amount certified by the department under section 9 of this chapter for a taxpayer in a taxable year exceeds the amount determined for the taxpayer under section 7(b) of this chapter; and

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(2) the taxpayer had an operating loss during the taxable year in which the credit is claimed; the taxpayer may carry the excess credit over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 9. (a) To be entitled to a credit under this chapter, a taxpayer must:

(1) submit an application for certification of a work based learning program to the department; and

(2) receive the approval and certification for the work based learning program from the department.

(b) The department shall certify a program to the extent that the program is consistent with this chapter and the rules adopted by the department under section 13 of this chapter.

(c) A program certified under subsection (a) must include the following:

(1) A detailed description of the program.

(2) An estimate of the number of student employees who participate in the program during the taxable year.

(3) An estimate of the payroll expenditures of the employer for student employees for the taxable year.

Sec. 10. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit the following to the department of state revenue:

(1) Certification of the program under which the taxpayer employs student employees.

(2) Proof of payment of the payroll expenditures claimed.

(3) All information that the department of state revenue determines necessary to verify the taxpayer's claim of the credit provided by this chapter.

Sec. 11. (a) The total amount of tax credits allowed under this chapter may not exceed twenty-five million dollars (\$25,000,000) in a state fiscal year.

(b) The department shall record the time of filing of each application under section 9(a)(1) of this chapter. If the application otherwise complies with this chapter and the rules adopted by the

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department, the department shall certify the programs in the chronological order in which the applications are filed in the state fiscal year.

(c) The department shall collect information necessary to keep a running estimate of the total of student employee payroll expenditures anticipated under certified programs for a state fiscal year. When the estimate reaches ninety percent (90%) of the maximum amount of tax credits allowable under this section in a state fiscal year, the department may not certify additional programs for the same state fiscal year.

Sec. 12. (a) On or before March 31 of each year, the department shall submit a report to the department of state revenue on the programs certified under this chapter. The report must include the following:

- (1) The number of taxpayers that receive credits under this chapter during the preceding calendar year.
- (2) The types of certified programs.
- (3) An analysis of the benefits of the certified programs.
- (4) The total credits awarded under this chapter for the preceding taxable year.

(b) The report required by subsection (a) is statistical in nature and may not contain information that identifies an employer. A copy of the report shall be submitted in an electronic format under IC 5-14-6 to the executive director of the legislative services agency for distribution to the members of the general assembly.

(c) All information submitted by an employer under this chapter is confidential.

Sec. 13. The department shall adopt rules under IC 4-22-2 necessary to implement this chapter. The rules may provide for recipients of credits under this chapter to be charged fees to cover administrative costs of the work based learning program. Fees collected shall be deposited in the state workforce development fund established under IC 22-4.1-6-1.

SECTION 4. IC 22-4-14-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 2.5. An unemployed individual is eligible to receive benefits with respect to any week only if the individual complies with the requirements of IC 22-4.1-10.**

SECTION 5. IC 22-4.1-10 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 10. Workforce Skill Advancement Project

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1 **Sec. 1. As used in this chapter, "project" means the workforce**
 2 **skill advancement project established by section 3 of this chapter.**

3 **Sec. 2. As used in this chapter, "work keys" means a three (3)**
 4 **stage standardized employability skills assessment tool**
 5 **implemented by the department.**

6 **Sec. 3. (a) The workforce skill advancement project is**
 7 **established.**

8 **(b) The department shall administer the project.**

9 **(c) The project includes the following components:**

10 **(1) Participation in an orientation to the one stop system and**
 11 **one stop partners. The orientation must include information**
 12 **about available jobs and the skills, certifications, and training**
 13 **necessary to qualify for the jobs.**

14 **(2) Completion of the work keys skills assessments for:**

15 **(A) reading for information;**

16 **(B) applied mathematics; and**

17 **(C) locating information.**

18 **Sec. 4. (a) Except as provided in section 6 of this chapter, an**
 19 **individual who applies for unemployment insurance shall**
 20 **participate in the project.**

21 **(b) An individual who applies for unemployment insurance and**
 22 **wants to work in the occupational area in which the individual was**
 23 **employed shall participate in a work keys skills assessment for the**
 24 **occupational area. The individual shall participate in a skill**
 25 **remediation component for each occupational area in which the**
 26 **individual's skill levels are deficient, as determined by the work**
 27 **keys skills assessment.**

28 **(c) An individual who applies for unemployment insurance and**
 29 **wants to work in a different occupational area than the area in**
 30 **which the individual was employed shall participate in a work keys**
 31 **skills assessment for the new occupational area. The individual**
 32 **shall participate in a skill remediation component for each**
 33 **occupational area in which the individual's skill levels are deficient,**
 34 **as determined by the work keys skills assessment.**

35 **Sec. 5. (a) A regional board, together with local elected officials,**
 36 **shall develop a plan of short term training options, not to exceed**
 37 **six (6) weeks in length, and placement assistance to provide to**
 38 **individuals who apply for unemployment insurance. To the extent**
 39 **possible, a regional board shall use existing remediation software**
 40 **and adult education programs for skill remediation under this**
 41 **chapter.**

42 **(b) An individual may receive short term training in one (1) or**

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more of the following areas:

- (1) Basic reading, writing, and math skills.
- (2) Certified nursing assistant training.
- (3) Computer skills, including computer literacy, Internet, and web page development.
- (4) Network certifications.
- (5) Statistical process control.
- (6) Lean manufacturing.
- (7) On-the-job training.
- (8) OSHA certification.
- (9) Blueprint reading.
- (10) Math for the trades.
- (11) Exporting skills.
- (12) Entrepreneurial classes.
- (13) Materials handling classes.
- (14) Welding.
- (15) Any other area approved by the regional board.

Sec. 6. (a) For purposes of this section, an individual is job attached if the individual:

- (1) expects to be recalled to a job within twelve (12) weeks of becoming dislocated; and
- (2) is not required to contact other employers or register for work until after the expiration of twelve (12) weeks;

as confirmed by the department with the individual's employer.

(b) An individual who:

- (1) applies for unemployment insurance; and
- (2) is not job attached;

shall participate in the project unless the individual is exempt under subsection (c).

(c) A regional board may exempt an individual described in subsection (b) from participation if participation poses a hardship to the individual, as determined by the regional board. A hardship may include the following:

- (1) Lack of training provided within a reasonable distance from the individual.
- (2) The individual has already been assessed and remediated.
- (3) The individual possesses basic work skills that the regional board determines are in demand.
- (4) There are insufficient funds to provide training.

(d) An individual who is:

- (1) job attached; and
- (2) temporarily laid off;

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1 may participate in the project at the discretion of the regional
2 board.

3 **Sec. 7. An individual may appeal a ruling of the regional board.**
4 **The appropriate incumbent worker council (as established in**
5 **IC 22-4.5-3-4) shall hear an appeal under this section. If there is no**
6 **incumbent worker council, the regional board shall hear the**
7 **appeal.**

8 **Sec. 8. (a) An individual who is required to participate in the**
9 **project under section 4 of this chapter but who fails to satisfy the**
10 **requirements of the project is ineligible for payment of**
11 **unemployment insurance.**

12 **(b) An individual who participates in a project under section 5**
13 **or 6 of this chapter but who does not satisfy all the requirements**
14 **may lose some or all of the individual's unemployment**
15 **compensation, as determined by the department.**

16 **Sec. 9. (a) The department shall fund the project with set asides**
17 **from the existing funds available from the following sources:**

18 **(1) Wagner-Peyser Act (29 U.S.C. 49 et seq.).**

19 **(2) Workforce Investment Act (29 U.S.C. 2801 et seq.).**

20 **(3) Skills 2016 training fund established by IC 22-4-24.5-1.**

21 **The general assembly shall determined the amount of funding from**
22 **each source.**

23 **(b) If a workforce services area does not spend or allocate at**
24 **least eighty percent (80%) of the area's funds by the end of each**
25 **fiscal year, the department shall distribute any amount not spent**
26 **or allocated to other workforce services areas, as determined by**
27 **the department.**

28 **Sec. 10. (a) Not later than June 1, each regional board shall**
29 **report to the department in an electronic format on the status of its**
30 **programs under this chapter.**

31 **(b) Not later than July 1, the department shall compile the**
32 **reports submitted under subsection (a) and submit the compilation**
33 **in an electronic format under IC 5-14-6 to the general assembly.**

34 **Sec. 11. The department may adopt rules under IC 4-22-2 to**
35 **fulfill its duties and obligations under this chapter.**

36 **SECTION 6. [EFFECTIVE JULY 1, 2005] (a) IC 6-3-1-3.5, as**
37 **amended by this act, applies to taxable years beginning after**
38 **December 31, 2005.**

39 **(b) IC 6-3.1-29 and IC 6-3.1-30, both as added by this act, apply**
40 **to taxable years beginning after December 31, 2005.**

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